

HOUSE BILL No. 2743

By Committee on Taxation

3-16

9 AN ACT concerning income taxation; relating to retention of Kansas pay-
10 roll withholding taxes by certain employers; requirements and
11 procedures.
12

13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. (a) On or after the effective date of this act, any qualified
15 new company as defined in subsection (c)(1), shall be eligible to retain
16 95% of the qualified new company's Kansas payroll withholding taxes
17 upon wages paid by such qualified new company for a period of one year
18 from the date the qualified company enters into an agreement with the
19 secretary of commerce as prescribed in subsection (b).

20 (b) Any qualified new company may apply to the secretary of com-
21 merce for the benefits provided in subsection (a). The application shall
22 be submitted on a form and in a manner prescribed by the secretary, and
23 shall include evidence that the applicant is a qualified new company and
24 such other information as required by the secretary. The secretary shall
25 either approve or disapprove the application. Upon approval of such ap-
26 plication such qualified new company shall be eligible to receive benefits
27 under this act as of the date such qualified new company enters into an
28 agreement with the secretary in accordance with this subsection. Upon
29 approval of an application for the benefits described in subsection (a), the
30 secretary may enter into an agreement with the qualified new company
31 for such benefits. The agreement shall commit the secretary to certify to
32 the secretary of revenue that the qualified new company is eligible to
33 receive such benefits, the number of employees hired by the qualified
34 new company and the amount of gross wages being paid to each em-
35 ployee. Such agreement may be modified as appropriate during the pe-
36 riod of the agreement. The agreement between the qualified new com-
37 pany and the secretary shall be entered into before any benefits may be
38 provided under this act, and shall specify that should the qualified new
39 company fail to comply with the terms and conditions set forth in the
40 agreement, or fails to comply with the provisions of this act, the secretary
41 may terminate the agreement, and the qualified new company shall not
42 be entitled to any further benefits provided under this act. In such case,
43 the qualified new company shall be required to remit to the state an

1 amount equal to the aggregate Kansas payroll withholding taxes retained
2 by the qualified new company pursuant to this act as of the date the
3 agreement is terminated.

4 (c) As used in this act: (1) “Qualified new company” means a company
5 which establishes a new business and commences business operations on
6 or after the effective date of this act and has 10 or less employees. If a
7 company commences business operations with 10 or less employees and
8 hires additional employees during the first year of operation to exceed
9 this 10-employee limitation, such company shall still qualify for benefits
10 pursuant to this section for the first 10 employees for such first year of
11 operation. Such company shall include a person, for profit corporation,
12 limited liability company, S corporation, partnership, registered limited
13 liability partnership, and sole proprietorship that is subject to the Kansas
14 income tax act, K.S.A. 79-3201 et seq., and amendments thereto. No
15 company or person shall be eligible under this act if such person, company
16 or ownership interest of such company had an ownership interest in a
17 business of the same nature or character within the one year period prior
18 to commencement of the new business or if the secretary determines
19 such company created the new company for the purpose of avoiding tax-
20 ation; and

21 (2) “secretary” means the secretary of the department of commerce.

22 (d) The secretary and secretary of revenue shall cooperate in the im-
23 plementation of this act, and are authorized to adopt rules and regulations
24 necessary to administer each secretary’s responsibilities under the pro-
25 visions of this act.

26 Sec. 2. This act shall take effect and be in force from and after its
27 publication in the statute book.